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CENTRAL INTELLIGENCE GROUP
INTELLIGENCE REPORT

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COUNTRY Germany (Russian Zone)
SUBJECT Planned Increase of Steel Production

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SUPPLEMENT

25X1A 1. [REDACTED] K. I. Koval, Marshal Sokolovsky's deputy in economic matters, discussed the steel situation of the Soviet occupied zone in Germany with M. I. Perelivchenko, chief of the SMA department of economic planning, the president of the Central Administration for Industry (ZVI), and the chief of the department for planning and statistics of the ZVI.

Koval informed those present that the SMA desired that the yearly output in crude steel, inclusive of cast iron and rolling mill products, be raised to 800,000 tons a year. It was requested that a draft for such an order be immediately submitted and that all necessary preliminary measures be taken.

25X1X [REDACTED] Comment: The present production amounts to approximately 185,000 tons a year, while the maximum capacity corresponds to about 330,000 tons.

The SMA intended, Koval explained, to give first consideration to rolling mill products which are well suited for further processing, also from the financial angle. The necessary scrap iron could be obtained subsequently at low prices from abroad.

2. Koval added that part of the required machinery and equipment could be imported but that, if necessary, permission might be obtained to use temporarily the firm Krupp-Gruson in Magdeburg, which is at present working on reparations orders. Krupp-Gruson is the only firm in the Soviet-occupied part of Germany which makes equipment for rolling mills.

It would become necessary for the iron industry to concentrate on the manufacture of consumer goods on a profitable basis, since there was great demand for these goods in the Soviet Union, as well as in the countries to the east and southeast of Germany.

This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 16 October 1978 from the Director of Central Intelligence to the Archivist of the United States.
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